To: Drug. Staff. FROM: Dick Maliska

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Ken Trend

ETHICS IN THE MANAGEMENT HIERARCHY

Joseph A. Litterer
Visiting Professor of Management
The Amos Tuck School of Business Administration
Dartmouth College
Hanover, New Hampshire

Ethics in managerial hierarchies are often pursued like zoological specimens. We pursue them as individual entities noting their absence or presence, the variety among them, the clarity with which they are stated, and how widely they are dispersed throughout an organization. Thus, we isolate the individual standard of behavior: "always be honest" or "meeting the shipping schedule is more important than meeting the safety standard." We note who has heard the standard and who holds to it. Such knowledge about the contents, demography and commitment to ethics in a business organization is obviously important. But this mode of advance ignores the consequences of ethics or behavioral standards on organization life. What can be missed is that standards of behavior, each "good" in its own right, when acting in concert with others can lead to consequences both unanticipated and lamented by those who first promulgated them. It is the thesis of this introductory comment that: (1) we have to be concerned not only with the content of an ethical position but the function that those ethics or standards of behavior will actually have in an organized setting, and (2) we cannot look at ethics or standards of proper conduct individually but must look at the synergistic effect of them in combination.

My comments grow from a paradox encountered on a consulting project. The firm is very successful and one which espouses and attempts to practice many ethical beliefs that I, at least, find very attractive. Many in the organization say these beliefs make the firm one of the most exciting places to work they have ever encountered. The president, a charismatic figure of

powerful influence, has articulated the belief that work should be fun and fulfilling. Further, that individuals, if given challenge and freedom, will reach out to accomplish amazing things. Individuals should not be held back by education, birth, or many of the other social hindrances, but be allowed to rise as far as their natural abilities will take them. These general propositions have been translated into a series of norms or codes of behavior that, while not written down, are frequently articulated throughout the organization, used to guide decisions, and to explain why action was or was not taken. Among these are:

The Less Structure the Better. Repeatedly as proposals are made to create new systems of work, controls -- or further divisions of work -- the explanation given for not adopting the suggestion is that structure of any type is bad in that it limits people, hinders the flow of communication, creates unnecessary hurdles and divisions among individuals, and serves the minimum of detailed reporting systems. Written reports are frowned upon in favor of oral and face-to-face communication. Creating specialized positions proceeds very slowly and only when absolutely unavoidable.

The Fewer Status Differences the Better. A close derivative of the former is the anathema of status differentiation. Going from one office to another, it is extraordinarily difficult to deduce the occupant's actual position in the organization. A key vice president has an office which looks very much like that of a plant manager, which in turn looks very much like that of a middle level plant supervisor. They are all extremely simple, sparse and, for the most part, unattractive. Desks are of metal, tables are almost all identical. Rarely do the walls go to the ceiling, instead an office consists of a partitioned

off area of a larger office or production floor. Among the tales company raconteurs regale the visitor with are the blistering notes the president has sent out to managers who mistakenly thought their offices should have a little class.

The Right Person Can Make It Happen. Supporting the idea that individuals freed of constraint and given challenges will be highly motivated and able to accomplish great things is the slogan, the right person can make it happen. This is used and reflected in two ways. It is a call of encouragement to the individual given a demanding assignment. It is also a reminder of how important it is to carefully select people to be hired into this firm to fill a managerial or professional position. A job candidate will commonly interview 20 different people and 30 is not uncommon. From these extensive interviews, gradually a consensus is formed that someone will or will not fit.

Go Do the Right Thing. Consistent with the belief in the individual's capabilities of accomplishing things and the other belief that structure and restraints should be kept to a minimum, instructions to individuals when given a new challenge are usually minimal, often little more than a target, and then to be told, "Go do the right thing."

This system of beliefs has been in effect for some years and there is ample evidence of their success. Key executives are often very young and some with minimal technical education in a firm dealing with a very sophisticated technology. Walking through the plants, people do seem excited by their work, taking pride in the company and that they are members of it. Repeatedly one hears in different ways that the BLANK company is a great place to work.

Yet in all of this, I gradually detected that a sizable number of people were very unhappy and often almost being ground up in the process. Exactly

how wide this condition is, I do not know. However, it is far more widespread than I originally would have suspected. For one thing, I come across these people one at a time who, only after they've known me for a little while, begin to open up about how wretched they feel. At first, I concluded that they were a collection of people any organization of this size is likely to have who have their own individual personality problems connected with work. Only when gathering information about their condition and hearing the same structure of conditions again and again did I begin to realize that the way they felt and what they were experiencing was the result of them being in the organization and, in particular, the result of them being exposed to the ethics of this particular organization.

In reviewing many of the incidents that came to my attention, I found a common series of steps:

1) Failure in a new managerial assignment. Many of the individuals had previous track records of success, either within the firm or in other firms. They had recently failed in a new assignment that was looked upon as a real challenge and opportunity. Looked at more closely, the new assignment could frequently be seen as one in which it was impossible to succeed.

The company was growing rapidly. Middle level managerial personnel were continually changing jobs. It was rare that an individual would be more than two years in one position and often a year was all the experience a person would have in one place. Consequently, while in a position, a manager would find him/herself working with a constantly changing coterie of colleagues. Information about almost anything was slow in coming to a large extent because of the underdeveloped systems of reports, controls and accounting procedures, concomitant with the philosophy of the less structure the better. In addition, the new position was usually only vaguely

defined, again in line with the philosophy of the less structure the better, and the person often told to go "do the right thing," with inadequate information in a rapidly changing context, working on a poorly defined task which often required far more resources and time than anyone, including the incumbent initially appreciated. The fact that there were not more failures is perhaps the most remarkable thing about the situation.

2) Personalizing failure. When failure occurred the common pattern was for the individual to blame him/herself. They remembered too vividly the phrase, "the right person can make it happen." The feeling often was, "I was not the right person"; "I was not adequate"; "I was not able to make this great challenge into a success."

3) Reinforcement of a sense of personal failure and isolation from corrective feedback. A not uncommon thing when a person meets failure and is hurt is to call out for help or to try to explain or justify or even excuse oneself from what happened. Attempts to do this were met with several social mechanisms which frustrated any opportunity to interact with others and alleviate the feeling of personal failure. First, if the individual was aware that there was more than a personal failure, that there was a failure in the assignment and an inadequacy in the organization, he or she would have to start pointing a finger at the organization and saying, "it contributed or set me up for failure." This sort of statement would immediately run counter to the prevailing value that one only says positive things about this organization. "The BLANK corporation is a fine place to work." "There is a real opportunity there for anyone who wants to work and make it." This was the common, prevailing attitude. Many people seemed to respond as if it were disloyal to hear bad statements about the organization.

The second factor which occurred grew from the sense of heady excitement of challenge and advancement which permeated the organization. People were continually moving, often upward. It was a place of winners. Being recognized as a winner was very important. Consequently, there was a quick, almost instantaneous, reaction to identify and turn away from those who were seen as losers. An individual's reputation could change almost overnight from being a winner to a loser as soon as there was any indication of an impending defeat or failure. One personnel manager, observing this phenomenon, referred to it as the "jackal syndrome." Hence the rest of the organization personalized failure and socially separated themselves from the loser.

Looking at the way the values and norms of this organization operated, there is no denying that they fostered a particular climate, one of heady success and excitement. And yet, interesting enough, in combination in more cases than were ever recognized, they worked in combination to be a cruel system. Failure is seen in intensely personal terms. One effect of this was that the organization and higher management are absolved of any responsibility. When a person did not succeed, he or she had only their own inadequacies as an explanation — an attitude and interpretation which is curiously reinforced by the way the system operates.

This is but one illustration. There are many. And this is but one company. I feel sure the same processes exist in other companies which would bring out the two points introduced at the beginning. The first of these is that we are all too inclined to look at a value or ethic in an organization and examine it for its intrinsic worth. In short, we ask, is that a good or positive statement? Is that a desirable thing to want? We rarely ask the question, what will happen if we behaved in accordance with

that ethic or standard of behavior? Would we in truth get the good intent that the statement conveys?

Secondly, we, to my knowledge, never have examined how different values or ethical propositions work in concert. What happens when standards of: as little structure as possible; enhancing individual growth and potential and a norm like, this is a fine place to work, are combined? The results are sometimes, as we have seen, quite different than the attractive picture the intent contained in the individual statements would convey.

There is a third point. The need to face the basic paradox managers always encounter, namely, that every action they take, every value or ethic they espouse will have both positive and negative aspects. This leads to a painfully personal decision for which there is never any easy or obviously right answer. It is, I would hold, unethical to allow oneself to be unaware of the negative consequences that accrue to positively sounding value and ethical statements. But that only opens up the more serious, more difficult problem that a choice still has to be made as to whether or not the desirable things which accrue outweigh or are more important than the undesirable. Because of these complexities, I personally conclude that the ethical issues faced by members of managerial hierarchies are among, if not the, most perplexing and challenging of all.